

**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF NEW JERSEY**

**Caption in Compliance with D.N.J. LBR 9004-1(b)**

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In re:

BLOCKFI INC., *et al.*,

Debtors.<sup>1</sup>

Chapter 11

Case No. 22-19361 (MBK)

Jointly Administered

**APPLICATION FOR RETENTION OF PROFESSIONAL**

<sup>1</sup> The Debtors in these Chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are: BlockFi Inc. (0015); BlockFi Trading LLC. (2487); BlockFi Lending LLC (5017); BlockFi Wallet LLC (3231); BlockFi Ventures LLC (9937); BlockFi International Ltd. (N/A); BlockFi Investment Products LLC (2422); BlockFi Services, Inc. (5965) and BlockFi Lending II LLC (0154). The location of the Debtors' service address is 201 Montgomery Street, Suite 263, Jersey City, NJ 07302.

1. The applicant, Official Committee of Unsecured Creditors, is the (check all that apply):

☐ Trustee: ☐ Chap. 7 ☐ Chap. 11 ☐ Chap. 13.

☐ Debtor: ☐ Chap. 11 ☐ Chap. 13

☒ Official Committee of Unsecured Creditors

2. The applicant seeks to retain the following professional M3 Partners to serve as (check all that apply):

☐ Attorney for: ☐ Trustee ☐ Debtor-in-Possession

☐ Official Committee of \_\_\_\_\_

☐ Accountant for: ☐ Trustee ☐ Debtor-in-possession

☐ Official Committee of \_\_\_\_\_

☒ Other Professional:

☐ Realtor ☐ Appraiser ☐ Special Counsel

☐ Auctioneer ☒ Other (specify): Financial Advisor

3. The employment of the professional is necessary because: In light of the size and complexity of these Chapter 11 Cases, the Committee requires a qualified and experienced financial advisor to enable it to evaluate the complex financial and economic issues raised by the Debtors' reorganization proceedings and to effectively fulfill its statutory duties.

4. The professional has been selected because: The professional has the resources, capabilities, and experience required by the Committee in a financial advisor. The professional is a nationally recognized financial advisory firm and its professionals have a wealth of experience in operational and financial restructurings, matters requiring expert opinions, and providing support for investigations and litigation in connection with financial restructurings, including those in the crypto sector. M3's professionals have extensive experience in turnarounds, corporate restructuring, and bankruptcy and corporate financing, including, but not limited to, company business plan viability and plan feasibility, having worked (on a

combined basis) hundreds of restructurings as chief restructuring officer, advisor, principal or independent director. In doing this, M3 and its professionals have assisted and provided strategic advice to debtors, creditors, bondholders, investors, official committees and other entities in numerous chapter 11 cases of similar size and complexity to the Debtors' chapter 11 cases.

5. The professional services to be rendered are as follows: To the extent requested by the Committee, the professional will render the following financial advisory services:

- a. Assistance in the analysis, review and monitoring of the restructuring process, including, but not limited to an assessment of potential recoveries for general unsecured creditors;
- b. Assistance in the review of financial information prepared by the Debtors, including, but not limited to, cash flow projections and budgets, business plans, cash and crypto receipts and disbursement analysis, asset and liability analysis, and the economic analysis of proposed transactions for which Court approval is sought;
- c. Assistance in the review of the Debtors' prepetition capital structure, financing agreements, defaults under any financing agreement and forbearances;
- d. Assistance with the review of the Debtors' analysis of core and non-core business assets, the potential disposition or liquidation of the same, and assistance regarding the review and assessment of any sales process relating to same;
- e. Assistance in the review and/or preparation of information and analysis necessary for the preparation, proposal and confirmation of a plan and related disclosure statement in these Cases;
- f. Attendance at meetings and assistance in discussions with the Debtors, potential investors, banks, other lenders, the Committee and any other official committees organized in these Cases, the U.S. Trustee, other parties in interest and professionals hired by the same, as requested;
- g. Assistance in the review of financial related disclosures required by the Court, including the Schedules of Assets and Liabilities, the Statement of Financial Affairs and Monthly Operating Reports;
- h. Assistance with the review of the Debtors' cost/benefit analysis with respect to the affirmation or rejection of various executory contracts and leases;
- i. Assistance in the evaluation, analysis and forensic investigation of avoidance actions, including fraudulent conveyances and preferential transfers and certain transactions between the Debtors and affiliated entities;
- j. Assistance in the prosecution of Committee's responses/objections to the Debtors'

motions, including attendance at depositions and provision of expert reports/testimony on case issues as required by the Committee;

k. Render such other general business consulting or such other assistance as the Committee or its counsel may deem necessary that are consistent with the role of a financial advisor and not duplicative of services provided by other professionals in this proceeding;

l. Assistance and support in the evaluation of restructuring and liquidation alternatives; and

m. Provide such other assistance as is ancillary to the above or as M3 and the Committee shall mutually agree.

6. The proposed arrangement for compensation is as follows: Subject to the Court's approval, and in accordance with section 328(a) of the Bankruptcy Code, M3 proposes to render its services on an hourly fee basis according to its customary hourly rates in effect when the services are rendered. M3 professionals will be billed at their respective standard hourly rates, subject to periodic adjustments, with the following ranges (the "Fee Structure"):

<b>Professional</b>	<b>Hourly Rate</b>
Managing Partner	\$1,350
Senior Managing Director	\$1,245
Managing Director	\$1,025 - \$1,150
Director	\$840 - \$945
Vice President	\$750
Senior Associate	\$650
Associate	\$550
Analyst	\$450

The professional and the Committee expressly reserve their rights pursuant to section 1129(a)(9)(A) of the Bankruptcy Code for the professional to receive the full amount of compensation based on the foregoing notwithstanding the terms of any cash collateral order or secured financing order now or hereafter entered in these Chapter 11 Cases providing for a limitation on the amount of fees payable to the professional for specified or general purpose.

The professional also will be reimbursed for its reasonable and necessary out-of-pocket expenses (which shall be charged at cost) incurred in connection with this engagement, such as travel, lodging, duplicating, research, messenger and telephone charges. The professional will charge for these expenses at rates consistent with charges made to its other clients, and subject to the guidelines of the United States

Trustee. For the avoidance of doubt, the professional's expenses may include reasonable fees and expenses of external legal counsel.

7. To the best of the applicant's knowledge, the professional's connection with the debtor, creditors, any other party in interest, their respective attorneys and accountants, the United States trustee, or any person employed in the office of the United States trustee, is as follows:

☐ None

☒ Describe connection: The professional was retained on or around the new year holiday. This case has moved swiftly requiring substantial work to move quickly. After the professional was engaged, a substantial list of potentially interested parties was circulated. The professional is in the process of investigating any connections which would require disclosure under the applicable rules. The professional will provide a supplemental disclosure once that investigation is completed.

8. To the best of the applicant's knowledge, the professional (check all that apply):

☒ does not hold an adverse interest to the estate.

☒ does not represent an adverse interest to the estate.

☒ is a disinterested person under 11 U.S.C. § 101(14).

☐ does not represent or hold any interest adverse to the debtor or the estate with respect to the matter for which he/she will be retained under 11 U.S.C. § 327(e).

☒ Other; explain: The professional was retained on or around the new year holiday. This case has moved swiftly requiring substantial work to move quickly. After the professional was engaged, a substantial list of potentially interested parties was circulated. The professional is in the process of investigating any connections which would require disclosure under the applicable rules. The professional will provide a supplemental disclosure once that investigation is completed.

9. If the professional is an auctioneer, appraiser or realtor, the location and description of the property is as follows: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

The applicant respectfully requests authorization to employ the professional to render services in

accordance with this application, with compensation to be paid as an administrative expense in such amounts as the Court may determine and allow.

Date: January 25, 2023

**THE OFFICIAL COMMITTEE OF  
UNSECURED CREDITORS**

/s/ Elisabeth Carabas.

Elisabeth Carabas, solely in her capacity as Co-Chair of  
the Official Committee of Unsecured Creditors of  
BlockFi Inc., *et al.*

/s/ Brendon Ishikawa.

Brendon Ishikawa solely in his capacity as Co-Chair of  
the Official Committee of Unsecured Creditors of  
BlockFi Inc., *et al.*

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